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ONE HUNDRED TENTH CONGRESS

# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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May 17, 2007

The Honorable David M. Walker  
Comptroller General  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Walker:

The United States Congress is considering options to address climate change, including legislation that would achieve cost-effective reductions of greenhouse gas emissions using market-based policies. Many of these proposals could provide further incentives for industry, consumers, and government agencies to "offset" emissions of greenhouse gases by paying third parties to reduce emissions through activities including the use of renewable energy and sequestration of carbon in forests or below the earth's surface.

In recent years, markets for greenhouse gas emission offsets have emerged in the United States and internationally, and American companies, consumers, and government agencies are increasingly presented with opportunities to offset greenhouse gas emissions associated with their energy consumption. For example, a major airline offers passengers an opportunity to offset the carbon emissions from their air travel by paying a surcharge that is directed toward forestry projects intended to sequester carbon dioxide. In addition, numerous electric utilities offer consumers opportunities to purchase "green" electricity generated through renewable sources.

Furthermore, the Energy Policy Act requires government agencies to purchase a certain percentage of their electricity from renewable or low-emitting sources. Some government agencies, including the Environmental Protection Agency, have decided to exceed these requirements and offset larger percentages of the emissions associated with their electricity use.

We are concerned about ensuring the credibility of emission offsets purchased by American companies, consumers, and government agencies, particularly in light of

- (1) the emerging nature of these markets;
- (2) the increased demand for emissions offsets in response to the Energy Policy Act and other federal directives; and
- (3) the development and adoption of climate change policies at the state and international levels.

We are also interested in gathering information on the role that emission offsets could play in climate change legislation currently pending in the United States Congress.

We, therefore, ask the Government Accountability Office to provide the Committee with information on emission offset programs and mechanisms for ensuring their credibility. Specifically, we are requesting information regarding:

- (1) the extent and scope of the emission offset market, including the purchase of offsets by U.S. government agencies in response to the Energy Policy Act and related federal directives,
- (2) the availability and use of mechanisms for ensuring the credibility of emission offsets, and,
- (3) lessons that can be learned for enhancing oversight of emission offset markets and the potential role of emission offsets in broader climate change mitigation policies.

Thank you for your attention to this request. Please contact us or have your staff contact [REDACTED]  
(202) 225-5074.

Sincerely,



Tom Davis  
Ranking Member  
Oversight and Government Reform Committee



Darrell Issa  
Ranking Member  
Subcommittee on Domestic Policy